



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS AIR FORCE MATERIEL COMMAND
WRIGHT-PATTERSON AIR FORCE BASE OHIO

Policy Memo 2003-PK-001

MEMORANDUM FOR SEE DISTRIBUTION LIST

22 January 2003

FROM: HQ AFMC/PK

4375 Chidlaw Road, Room S208

Wright-Patterson AFB OH 45433-5006

SUBJECT: Government Purchase Card (GPC) Compliance

1. Congress, the General Accounting Office, and senior DoD leadership continue to require strict enforcement of government credit card procedures. Since contracting is the functional community responsible for managing the GPC program, we must ensure maximum compliance with all GPC procedures. In order to do so, we must gain the full support of installation commanders, all subordinate commanders, and division chiefs to make sure approving officials and cardholders comply with GPC procedures.

2. The FY03 Appropriations Act, Sec 8149, provides new legal requirements applicable to the GPC program. It caps the total number of credit cards in DoD, includes a requirement to evaluate the credit worthiness of individuals before a GPC can be issued, and requires DoD to establish uniform procedures for appropriate disciplinary action for violations of purchase card procedures. Implementing policy for these requirements is expected in January or February 2003.

3. A recent GAO report to Congress on their audit of the USAF GPC program stated that USAF internal controls for the GPC are not adequate. Findings include repeated cases of splitting requirements into multiple transactions to circumvent micropurchase and other dollar limits, failure to use required sources of supply, lack of timely cardholder reconciliation and approving official reviews, and purchase of personal-use items such as clothing. Many of these findings are similar to findings in recent Air Force Audit Agency reviews of the GPC program.

4. Three recent memos change GPC policy:

a. USD/DP(EB) Memo of 1 August 2002, Spans of Control for Government Purchase Card Agency Program Coordinators (Atch 1), establishes a standard of not more than 300 cardholders to one Agency/Organization Program Coordinator (A/OPC). Generally, we meet this standard in AFMC, with an average of 255 cardholders per A/OPC (A/OPC team staffing is considered in this calculation). Two bases, Hill AFB and Wright-Patterson AFB, slightly exceed the standard but should meet it when expected mandatory reductions in number of cardholder accounts are implemented. It is important that there be only one designated A/OPC per location; one person must be responsible and accountable for the overall program. I expect you to continuously monitor the oversight ratio at your location and to adjust the size of your GPC team as needed to support reasonable GPC requirements.

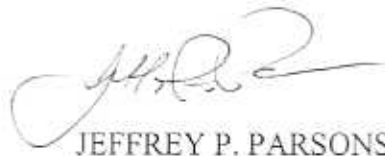
It may be beneficial to assign particular team members to monitor only specific groups of organizations to develop a working partnership. When you use this teaming arrangement, you should ensure that GPC coordinators perform annual surveillance of cardholders and billing officials in organizations other than their own to maintain objectivity in the surveillance effort.

b. USD/DP(EB) Memo, 27 September 2002, DoD Purchase Card Program, (Atch 2) requires use of the DoD Purchase Card CONOPS as a guide and mandates use of the new DAU on-line training for all new cardholder and billing official training. While many individual bases and AFLMA have good training programs, the current emphasis on use of joint resources and commonality means that we must adjust our training to the DAU training. Our A/OPCs should continue to provide supplemental training after cardholders and billing officials complete the DAU training.

c. SAF/AQC Memo, 6 October 2002, Interim Guidance Concerning AFI 64-117, (Atch 3) requires the contracting squadron commander/contracting official brief the installation commander at least quarterly on the GPC program to include each case of GPC fraud and each repeat violation. Due to the variety of base organizations within AFMC, we have received requests to clarify who briefs whom. Since the GPC office is a base support function of contracting, the senior contracting official for the base support function briefs the installation commander. For example, at Edwards AFB, AFFTC/PK briefs AFFTC/CC and at Wright-Patterson AFB, ASC/PK briefs ASC/CC, and at Brooks City Base, 311 HSW/PK briefs 311 HSW/TCC.

5. The increase in compliance emphasis may increase your workload and the workload of the A/OPCs. We want to minimize workload by increasing the use of automated methods. We are sponsoring an AFMC A/OPC training and best practices conference at Brooks City Base on 19 and 20 February 2003. We would like you to send your A/OPC, and possibly an alternate, to participate in discussions and training on efficient use of CARE and other techniques at this conference.

6. If you have any questions or concerns on this issue, please contact my action officer, Mr. Mike Cook at 937-257-3368 or DSN 787-3368, or mike.cook@wpafb.af.mil.



JEFFREY P. PARSONS
Colonel, USAF
Director of Contracting

Attachments:

1. USD/DP(EB) Memo, 1 August 2002
2. USD/DP(EB) Memo, 27 September 2002
3. SAF/AQC Memo, 6 October 2002

DISTRIBUTION:

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ACQUISITION,
TECHNOLOGY
AND LOGISTICS

DP(EB)

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

AUGUST 1, 2002

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(POLICY AND PROCUREMENT), ASA(ALT)
EXECUTIVE DIRECTOR, ACQUISITION AND BUSINESS
MANAGEMENT, ASN(RD&A)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
GOVERNMENT PURCHASE CARD JOINT PROGRAM
OFFICE

SUBJECT: Spans of Control for Government Purchase Card Agency Program
Coordinators

As you are aware, the Department has been criticized by Congress, the General Accounting Office, and the media about our management of the purchase card program. In response, Secretary Rumsfeld stood up a Department of Defense Charge Card Task Force this spring. One of the task force's recommendations is that the purchase card agency coordinators (APCs) at bases, posts, camps, or stations oversee no more than 300 cardholder accounts. I concur with the task force's assessment. Request that you review the span of control for local APCs and make appropriate adjustments. APCs have significant responsibilities and must have reasonable spans of control to accomplish their administrative, management, and oversight responsibilities.

A Purchase Card Concept of Operations will be issued shortly to address numerous internal control issues including the APC's role, required skills and recommended grade levels. The Concept of Operations describes the baseline for a properly managed program and should be used to assist with local program management and reviews. Thank you for your assistance and cooperation in creating a reliable government purchase card program. My action officer for purchase card issues is Melissa Rider, melissa.rider@osd.mil or (703) 695-1098.

Deidre A. Lee
Director, Defense Procurement



ATCM 1



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OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

SEP 27 2002

DP/EB

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES
ACTING DEPUTY ASSISTANT SECRETARY OF THE
ARMY (PROCUREMENT AND POLICY), ASA(ALT)
DEPUTY ASSISTANT SECRETARY FOR THE AIR FORCE
(CONTRACTING), SAF/AQC
DEPUTY FOR ACQUISITION AND BUSINESS
MANAGEMENT, ASN(RDA)
DIRECTOR, DEFENSE CONTRACT MANAGEMENT
AGENCY
EXECUTIVE DIRECTOR, LOGISTICS POLICY &
ACQUISITION MANAGEMENT (DLA)
DIRECTOR, DOD PURCHASE CARD JOINT PROGRAM
MANAGEMENT OFFICE

SUBJECT: DOD Purchase Card Program

The recent DOD Charge Card Task Force Report included two important recommendations. They were the development and publication of an end-to-end Concept of Operations for the Purchase Card and the development of standard cardholder, approving official, and certifying official training. The work on these two recommendations is complete. The Concept of Operations is currently posted on the DoD purchase card homepage at <http://purchasecard.sault.army.mil>. The Defense Acquisition University on-line Purchase Card Training module is currently hosted at their continuous learning web site at http://clc.dau.mil/kc/no_login/portal.asp. These tools are mandatory for use within the Department.

The Purchase Card Concept of Operations was developed to serve as a desk guide for cardholders, billing officials, and other program officials. It contains best practices for the purchase card program. Additionally, it will be used as the baseline for development of upcoming DFARS and other regulatory policies and procedures within the Department as well as for process reengineering efforts.

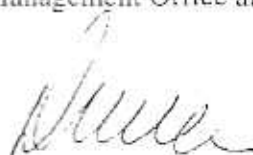
The DoD Government Purchase Card Tutorial includes ten lessons that present mandatory requirements and other guidelines to consider and apply, as appropriate, when utilizing the Government Purchase Card. This tutorial/training module was developed to



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train Government Purchase Cardholder, Approving Official, and Billing Official nominees to properly use the Government Purchase Card. It is important to note that the training module is designed for the entire acquisition workforce, including AT&L workforce members, program managers, acquisition logisticians, sustainment logisticians, contracting personnel, and Defense contractors. Cardholders, approving officials, and certifying officials must complete the course prior to issuance of DoD purchase cards. Upon satisfactory completion of the tutorial, a certificate will be issued via the electronic training module and must be maintained as evidence of completion. This training must be augmented at the local level to reflect Military Departments, command, and local restrictions and procedures.

Questions regarding this memo should be directed to Mr. Bruce E. Sullivan, Director, DoD Purchase Card Program Management Office at 703-681-7564 or bruce.sullivan@saalt.army.mil.



Deidre A. Lee
Director, Defense Procurement



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

06 OCT 2002

Office Of The Assistant Secretary

Contracting Policy Memo 02-C-03

(in error, previously numbered Contracting Policy Memo 02-C-02)

MEMORANDUM FOR ALMAJCOM-FOA-DRU (CONTRACTING)

FROM: SAF/AQC
1060 Air Force Pentagon
Washington DC 20330-1060

SUBJECT: Interim Guidance Concerning AFI 64-117

This memorandum provides revised policy on the Government Purchase Card Program and requires immediate implementation.

This past August the Air Force Audit Agency looked at over 21,000 purchase card transactions at 46 different locations. While the audit did not identify any fraud, it did find that \$25 million of the \$150 million purchases audited used inappropriate acquisition methods. Eighty-four percent of that \$25 million fell in two areas, splitting requirements and failing to properly attain pre-approval of computer-related purchases.

You are well aware of the cost efficiencies we forfeit when cardholders incrementally purchase goods and services by splitting requirements. Each time they do so they are literally taking unnecessary dollars out of their wing commander's budgets. Each time they purchase computer equipment without proper prior approvals, they are setting their wing commander up for configuration control problems, which could directly affect mission readiness.

I am convinced if we afford wing commanders better visibility of these and other types of purchase card abuses, they will not tolerate them and will ensure their squadron commanders take appropriate disciplinary action.

We plan to revise AFI 64-117. When published it will include the following guidance:


"The contracting squadron commander/chief of the contracting office shall brief the installation commander on the GPC program at least quarterly, to include a summary of each case of purchase card fraud and each instance of repeated (more than once) misuse of a purchase card. For each, the briefing will also inform the installation commander of any disciplinary action taken or provide an explanation of why none was considered necessary. It will also provide a description of action taken to prevent recurrence of the violation.

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When the fraud or repeated misuse is committed by individuals not under the jurisdiction of the installation commander (as when tenant organizations are involved), the contracting squadron commander/chief of the contracting office shall provide the above briefing, either in person or telephonically, to the commander having jurisdiction over the individual who violated the purchase card instruction.

If any fraudulent case, or potentially fraudulent case, is to be discussed, the contracting squadron commander/chief of the contracting office must, with the local AFOSI, jointly brief the installation commander or the commander having jurisdiction over tenant organization personnel."

I need your immediate and vigorous implementation of this guidance. In doing so, ensure your squadron commanders brief not only their wing commander but also their fellow squadron and group commanders, billing officials, and cardholders on both this guidance and the very real monetary and mission readiness impacts that can flow from "well-intentioned" and seemingly "harmless" violations of the purchase card instruction. This letter will remain in effect until incorporated into AFI 64-117.



DARRYL A. SCOTT, Brig Gen, USAF
Deputy Assistant Secretary (Contracting)
Assistant Secretary (Acquisition)